

JAN 23 2015

A BILL FOR AN ACT

RELATING TO FEDERAL FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to address the
2 expenditure of federal funds.

3 More specifically, this Act:

4 (1) Expressly states that the disbursement of federal-aid
5 moneys is subject to legislative appropriation or
6 other law authorizing expenditure;

7 (2) Amends the definition of "federal funds" in the
8 executive budget act to include financial aid
9 reasonably anticipated to be received from the federal
10 government or financial aid for which an agency's
11 application is pending before the federal government;
12 and

13 (3) Allows the expenditure of unanticipated or excess
14 federal moneys when authorized by proviso in the
15 budget or supplemental budget act.

16 The legislature intends that this Act broaden the types of
17 federal funds, the appropriations for which are included in the



1 six-year program and financial plan, executive budget, and
2 supplemental budget, and re-emphasize that the expenditure of
3 federal funds is subject to legislative appropriation or other
4 authorization.

5 The legislature also intends that this Act shall apply to
6 the judiciary by operation of section 601-2, Hawaii Revised
7 Statutes.

8 The legislature finds that this Act is necessary to:

- 9 (1) Promote transparency in budgeting;
10 (2) Enhance the appropriation authority of the
11 legislature; and
12 (3) Increase current and potential beneficiaries'
13 awareness of the availability of federal funds to
14 improve their future budget planning efforts.

15 SECTION 2. Section 29-16, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§29-16 Treasury as depository; duties of comptroller.**

18 All federal-aid moneys received by the State, except as
19 otherwise provided for by the federal government, shall be
20 deposited with the director of finance and, subject to
21 appropriation by the legislature or other law authorizing



1 expenditure, shall be disbursed upon warrants drawn by the
2 comptroller of the State supported by vouchers approved by the
3 board, commission, department, or officer having charge of the
4 expenditure of the moneys by virtue of the plan, agreement, or
5 arrangement entered into or made with the proper federal agency.

6 The comptroller may prescribe and maintain [~~such~~] a system
7 of accounts and accounting as may be required by the federal
8 government, or any agency thereof, in carrying out the objects
9 and purposes of the plan, agreement, or arrangement."

10 SECTION 3. Section 37-62, Hawaii Revised Statutes, is
11 amended by amending the definitions of "federal aid interstate",
12 "federal aid primary", "federal aid secondary", "federal aid
13 urban", and "federal receipts" to read as follows:

14 "Federal aid interstate" means funds received or
15 reasonably anticipated to be received from the federal
16 government or reasonably anticipated to be received for the
17 purpose of constructing the interstate highway system in the
18 State.

19 "Federal aid primary" means funds received or reasonably
20 anticipated to be received from the federal government for the
21 purpose of constructing primary roadways.



1 "Federal aid secondary" means funds received or reasonably
2 anticipated to be received from the federal government for the
3 purpose of constructing secondary roadways.

4 "Federal aid urban" means funds received or reasonably
5 anticipated to be received from the federal government for the
6 purpose of constructing roads in urban areas.

7 "Federal [~~receipts~~] funds" means financial aid received or
8 reasonably anticipated to be received from the federal
9 government~~[-]~~, including financial aid for which an agency's
10 application is pending before the federal government on the date
11 of submission to the legislature of the budget or supplemental
12 budget."

13 SECTION 4. Section 37-74, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§37-74 Program execution.** (a) Except as limited by
16 policy decisions of the governor, appropriations by the
17 legislature, and other provisions of law, the several agencies
18 responsible for administering state programs shall administer
19 their program assignments and shall be responsible for their
20 proper management.



(b) The appropriations by the legislature for a biennium shall be allocated between the two fiscal years of the biennium in the manner provided in the budget or appropriations act and as further prescribed by the director of finance. The amounts allocated for each fiscal year shall be subject to the allotment system prescribed in chapter 37, part II. Each agency (except the courts), in estimating its quarterly requirements under chapter 37, part II, shall prepare a plan for the fiscal year for the operation of each of the programs it is responsible for administering. The operations plan shall be in ~~[such]~~ a form and content as the department of budget and finance may prescribe. It shall be submitted, together with the estimated quarterly requirements, to the department of budget and finance on ~~[such]~~ a date as the department may prescribe.

(c) The department of budget and finance shall:

(1) Review each operations plan to determine:

(A) That it is consistent with the policy decisions of the governor and appropriations by the legislature;

(B) That it reflects proper planning and efficient management methods; and



(C) That appropriations have been made for the
planned purpose and will not be exhausted before
the end of the fiscal year;

provided that the department of budget and finance
shall review the operations plan submitted by the
University of Hawaii solely for consistency with the
allotment ceilings established by the governor under
section 37-34, appropriations by the legislature, the
requirements of chapter 37D, and the status of
revenues to support operations plans for all state
programs;

(2) Approve the operations plan if satisfied that it meets
the requirements under paragraph (1). Otherwise, the
department of budget and finance shall require
revision of the operations plan in whole or in part;
and

(3) Modify or withhold the planned expenditures at any
time during the appropriation period if the department
of budget and finance finds that the expenditures are
greater than those necessary to execute the programs
at the level authorized by the governor and the



1 legislature, or that state receipts and surpluses will
2 be insufficient to meet the authorized expenditure
3 levels; provided that the planned expenditures for the
4 University of Hawaii may be modified or withheld only
5 in accordance with sections 37-36 and 37-37.

6 (d) No appropriation transfers or changes between programs
7 or agencies shall be made without legislative authorization;
8 provided that:

9 (1) Authorized transfers or changes, when made, shall be
10 reported to the legislature;

11 (2) Except with respect to appropriations to fund
12 financing agreements under chapter 37D, the University
13 of Hawaii shall have the flexibility to transfer
14 appropriated funds and positions for the operating
15 cost category among programs, among cost elements in a
16 program, and between quarters, as applicable; except
17 with respect to appropriations to fund financing
18 agreements under chapter 37D, the department of
19 education shall have the flexibility to transfer
20 appropriated funds and positions for the operating
21 cost category among programs and among cost elements



1 in a program, and between quarters, as applicable; and
2 the Hawaii health systems corporation and its regional
3 system boards shall have the flexibility to transfer
4 special fund appropriations among regional system
5 hospital facilities as applicable and as mutually
6 agreed to by the corporation and the respective
7 regional system board; provided that the Hawaii health
8 systems corporation and the regional system boards
9 shall maintain the integrity and services of each
10 individual regional system and shall not transfer
11 appropriations out of any regional system that would
12 result in a reduction of services offered by the
13 regional system, with due regard for statutory
14 requirements, changing conditions, the needs of the
15 programs, and the effective utilization of resources;
16 and

- 17 (3) The university and the department of education shall
18 account for each transfer implemented under this
19 subsection in quarterly reports to the governor and
20 annual reports at the end of each fiscal year to the
21 legislature and the governor, which shall be prepared



1 in the form and manner prescribed by the governor and
2 shall include information on the sources and uses of
3 the transfer.

4 (e) For the purpose of this subsection, "unanticipated or
5 excess federal moneys" means financial aid from the federal
6 government that are not included in the definitions of "federal
7 aid interstate", "federal aid primary", "federal aid secondary",
8 "federal aid urban", or "federal funds" in section 37-62.

9 After June 30, 2017, unanticipated or excess federal moneys
10 that are not specifically appropriated may be expended when and
11 in the manner authorized by proviso in the budget or
12 supplemental budget act and shall be deemed an appropriation for
13 the purpose of Article VII, section 5, of the Constitution of
14 the State of Hawaii."

15 SECTION 5. Section 601-2, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The chief justice shall possess the following powers,
18 subject to [sueh] rules as may be adopted by the supreme court:

19 (1) To assign circuit judges from one circuit to another;

20 (2) In a circuit court with more than one judge, (A) to

21 make assignments of calendars among the circuit judges



1 for [~~sueh~~] a period as the chief justice may determine
2 and, as deemed advisable from time to time, to change
3 assignments of calendars or portions thereof (but not
4 individual cases) from one judge to another, and (B)
5 to appoint one of the judges, for [~~sueh~~] a period as
6 the chief justice may determine, as the administrative
7 judge to manage the business of the court, subject to
8 the rules of the supreme court and the direction of
9 the chief justice;

10 (3) To prescribe for all of the courts a uniform system of
11 keeping and periodically reporting statistics of their
12 business;

13 (4) To procure from all of the courts estimates for their
14 appropriations; with the cooperation of the
15 representatives of the court concerned to review and
16 revise them as the chief justice deems necessary for
17 equitable provisions for the various courts according
18 to their needs and to present the estimates, as
19 reviewed and revised by the chief justice, to the
20 legislature as collectively constituting a unified
21 budget for all of the courts;



(5) To exercise exclusive authority over the preparation, explanation, and administration of the judiciary budget, programs, plans, and expenditures, including without limitation policies and practices of financial administration and the establishment of guidelines as to permissible expenditures, provided that all expenditures of the judiciary shall be in conformance with program appropriations and provisions of the legislature, and all powers of administration over judiciary personnel that are specified in Title 7; and

(6) To do all other acts [~~which~~] that may be necessary or appropriate for the administration of the judiciary.

The budget, supplemental budget, six-year program and financial plan, and the variance report of the judiciary shall be submitted by the chief justice to the legislature in accordance with the schedule of submission specified for the governor in chapter 37 and shall contain the program information prescribed in that chapter[-] as applicable to the judiciary. By November 1 of each year preceding a legislative session in which a budget is to be submitted, the chief justice shall provide written notification to the governor of the proposed total expenditures,




1 by cost categories and sources of funding, and estimated
2 revenues of the judiciary for each fiscal year of the next
3 fiscal biennium[-] or fiscal year, as applicable."

4 SECTION 6. Sections 3, 4, and 5 shall apply to the six-
5 year program and financial plans and budgets submitted under
6 sections 37-69, 37-71, 37-72, and 601-2, Hawaii Revised
7 Statutes, after the effective date of this Act.

8 SECTION 7. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 8. This Act shall take effect on July 1, 2016.

11 INTRODUCED BY:


~~AND~~ A.C. Kahala
J. Kahala
M. N. M.



S.B. NO. 250

Report Title:

Federal Funds; Appropriation, Expenditure

Description:

Expressly states that the expenditure of federal-aid moneys is subject to appropriation or other law authorizing expenditure. Broadens the definition of "federal funds" under the executive budget act. Allows unanticipated or excess federal moneys that are not appropriated to be expended when authorized by proviso in the budget or supplemental budget act. States intent that the provisions also apply to the judiciary budget by operation of existing law. Effective 7/1/2016.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

